

# **MAINE GAMBLING CONTROL BOARD**

**May 20, 2014**

**09:00 – 11:00**

**Bangor City Council Chambers  
Bangor, Maine 04410,**

Meeting opened at 9:00 am

**Board members present:** Tim Doyle Chair, Barbara Dresser, Matt Dyer, Joe Laliberte, Bob Harmon

**Staff present:** Office Specialist I Janine Collins, Detective Don Armstrong, Auditors Donald Berrie and Jill Tobey, Executive Director Patrick Fleming.

**Legal counsel present:** Assistant Attorney General Lauren LaRochelle

## **Introductions:**

The Board introduced themselves followed by introductions of the staff and counsel by Executive Director Fleming.

## **Review of the minutes 03/18/2014**

**Motion to accept the minutes as presented: Joe Laliberte, Board Member**

**Seconded: Matt Dyer, Board Member**

**Vote: 4 in favor 0 opposed. Board member Harmon abstained.**

**Executive Director Report** -Legislature – the legislature completed their work for the year and although there was a lot of discussion about the expansion of gambling the final results of all the discussion was the passage of a resolve to do a study that will look at the potential for the expansion of gambling in Maine. The study will look at the impact expanded gambling will have on this state as well as the impact of other states' expansion of gambling on gambling operations here in Maine.

The resolve required the Executive Director of the Legislative Council to contract with a company to conduct the study and the final report will be due back to the Veterans and Legal Affairs Committee by September of this year. VLA will then have the opportunity to use the study to determine if expansion is warranted and they can propose legislation for the next session. Executive Director Fleming spoke to the Executive Director of the Legislative Council to get the timetable for the study and was informed that proposals for the study are due by the end of this month and the contract will be awarded in June for a final report due by September 1<sup>st</sup>. The resolve allocated \$150,000 for the study which will be paid for by the Gambling Control Budget.

Rules – the rulemaking process continues. A majority of the rules that have been changed in the last few months have completed the process and are now in effect. They are posted on the Secretary of State's website as well as ours.

Chapter 5 – the Internal Controls, Chapter 10 – Slot Machine Maintenance, and Chapter 11 – Transportation of Slot Machines and Table Games are currently in the process and we are in the public comment period. The comment period closes on Friday May 23<sup>rd</sup>. Director Fleming will then have the comments and Board response ready for the June meeting.

Personnel – Our Office Assistant II Nancy Quirion has taken a promotion and moved to the Department of Transportation. We will be doing interviews on Thursday May 22 to see if we can find a suitable replacement. In the meantime the other members of the staff are working together to keep the licensing process moving. They are all getting familiar with the ALMS licensing system so we have redundant coverage in the future.

Budget – now that the legislature is out we need to start planning for the next legislative session and the budget. Executive Director Fleming will be looking at where we stand financially and what changes need to be made.

He expects we will try to get the Sci Games contract payment taken out of the general fund budget and use another mechanism for funding. There will be discussion on whether to put it in as a stand-alone bill or make it part of the budget.

We also didn't have any luck in changing how our appropriations for payments to the local authorities and tribes are handled. As you recall we had to hold September's payments due to running out of allotment. With this in mind we will start watching the appropriation earlier and starting the process earlier to take care of it if the need arises. Hopefully we will prevent a reoccurrence of last year.

### **Financial Update: Auditor Donald Berrie**

Due to the cancellation of the April Board meeting, you have received two monthly financial analysis packets; one containing revenue analysis for the month ended March 31, 2014 and one containing tax revenue analysis for the month ended April 30, 2014.

The first financial packet contains tax revenue comparisons for March 2014 compared with March 2013 as well as calendar year-to date 2014 revenue compared with calendar year-to date 2013. Tax revenue for March 2014 declined by 369,000, or 8% from March 2013. March year-to- date 2014 tax revenue lagged 2013 by 2%.

The second financial packet contains tax revenue comparisons for April 2014 compared with April 2013 as well as calendar year-to date 2014 revenue compared with calendar year-to date 2013. Tax revenue for April 2014 increased by just under 113,000, or 3% from April 2013. April year-to- date 2014 tax revenue lagged 2013 by 1%.

The distribution of tax revenues is available on the "Revenue Totals" tab of the Gambling Control Board web site.

Each monthly analysis includes a graphic representation comparing monthly tax revenues for the fiscal year-to-date between 2013 and 2014. The blue line plots monthly tax revenue during fiscal year 2013 and the red line plots monthly revenue during fiscal year 2014. Both years show a fairly consistent pattern with the highest revenue occurring in July and August and tapering off in September, October, November and December followed by an upturn in January.

To briefly recap the monthly tax variance between Fiscal Year 2014 and Fiscal Year 2013:

July 2014 was higher 13%

August 2014 was higher by 11%

September 2014 was higher by 2%

October 2014 was higher by 1%

November 2014 was higher by 2%

December 2014 was lower by 12%

January 2014 was lower by 2%

February 2014 was higher by 5%

March 2014 was lower by 8%

And

April 2014 was higher by 3%

Slot machine hold compliance is calculated on a quarterly basis and as of the end of 2014 calendar quarter 1, or March 31, 2014, both venues were in compliance.

The Auditors continue to collect and analyze this data on a daily basis and monitor for any corrective action that may be needed.

### **Audit program**

Auditors Tobey and Berrie were on-site at the Oxford Casino the last week of March to perform the Cash Transaction/Suspicious Activity Reporting component of the Audit Plan. A copy of our report is included with the Board's financial packet. That component has been completed at the Hollywood Casino and you have already received the results of that audit. The next component of the Audit Plan to be addressed is Cage Operations, and Auditors Tobey and Berrie will be visiting Hollywood Casino later in May to begin on-site work in that area.

## **Other**

Auditor Berrie had the opportunity to attend the 2014 Gaming Conference of the Institute of Internal Auditors last month and gained additional insight and an increased perspective into casino audit issues.

**State Police Update –Detective Don Armstrong** has been working on renewals, he has had 82 new applications and 79 are still pending.

## **Unfinished Business:**

Chapter 27 Rule of Practice and Procedure of Gaming Conduct.

The rule has been revised in response to public comments and the Board's discussion at prior meetings. The revision removes the requirement that a notice of complaint be sent before the information is reviewed internally. It also removes the Complaint Committee, but retains reference to the Director's ability to consult with other Board staff when reviewing complaints. The revised rule includes provisions for how to handle situations requiring more detailed procedures and sets forth a process for filing responses/exceptions to a proposed decision.

**Motion to move forward with the proposed rule as amended. Joe Laliberte**

**Seconded: Matt Dyer**

**Vote Unanimous**

## **New Business:**

**Bally's Table Game License –**

Bally Technologies, a licensed slot machine distributor, has decided to absorb one of its subsidiaries, SHFL Entertainment, a licensed table game distributor. In March, Bally submitted a new application for a table game distributor license. The Board reviewed a memo prepared by Director Fleming summarizing the licensing investigation and its results, and identifying the relevant statutes and rules.

Frank DiGiacomo, attorney for Bally Technologies, thanked the Board staff for all the help.

**Motion to grant a table game distributor license to Bally Technologies: Joe Laliberte**

**Seconded: Matt Dyer**

**Vote: Unanimous**

**Hollywood Casino Internal Control Changes-** Hollywood proposed changing the reporting line of the count room, and designate the count room responsibility to the controller. It also proposed other organizational changes resulting from personnel departures. The manager of player services manages the count team and the main bank; this change will separate this and put them under separated managers.

**Motion to Approve Internal Control Changes Joe Laliberte**

**Seconded: Matt Dyer**

**Vote: Unanimous**

**Oxford Casino Internal Control Changes –** Oxford proposed the following changes to its internal controls:

- 1) A change in the reporting structure for the Director of Information Technology and the Accounting Department. The Director of Information Technology will report to the GM and the Senior Director of Finance in the Accounting Department will report to the Chief Financial Officer of Churchill Downs.
- 2) A change in the organization structure which will combine the Director of Surveillance and the Security Manager positions to one position as the Sr. Director of Security and Surveillance, and a change in a title from Slot Manager to Sr. Director of Slot Operations. The Board recently approved combining the Director of Surveillance and the Security Manager for Hollywood Casino.
- 3) A change in the unrestricted and restricted Access from Director of Surveillance to Sr. Director of Security and Surveillance.
- 4) A change in the definition of Asset number to remove references to cash storage boxes.

5) A change in the cash storage box section (III-B-5) to add “unique serial number” in order to have an electronic means of tracking the box to the machine.

Based on the change to the definition of asset number, the Board suggested that Oxford remove references to an “asset number” on a cash storage box in III-B-5(C)(5).

**Motion to approve the changes 1-4, above, to Oxford’s Internal Controls. Oxford should submit an amended version of proposed change 5 to Director Fleming, who may approve the internal control if it is amended as directed by the Board: Matt Dyer**

**Seconded: Joe Laliberte**

**Vote: Unanimous**

#### **Oxford Casino Game Rules – Director Fleming**

**Double Draw Poker game-** The Board was sent the rule of this game prior to the Board meeting and was read the Chapter 25 criteria to apply when reviewing a rule by the Executive Director.

The game is played with a standard 52 card deck plus two additional jokers. Jokers may be used as aces or to complete straights and flushes. Players play only against the pay table and not against the dealer. Demo was given.

**Motion to Approve: Joe Laliberte**

**Seconded: Bob Harmon**

**Vote: Unanimous**

#### **Hollywood Casino Game Rules – Director Fleming**

**High Card Flush-** The Board was sent the rule of this game prior to the Board meeting.

High Card Flush is a house-banked card game played with a standard deck. There are multiple wagers that the player may make, and hands are ranked based upon the number of cards of the same suit in the player’s or dealer’s hand. Demo was given.

**Motion to Approve: Matt Dyer**

**Seconded: Joe Laliberte**

**Vote: Unanimous**

**Public Comment:** Jose Flores, Hollywood Casino Bangor General Manager, welcomed the Board to Bangor and introduced Kevin Taylor, Director of Casino Operation. Hollywood Casino continues to have several public service events going on and still has a strong community interest.

Jack Sours, Oxford Casino General Manager- Thing are going well at Oxford Casino, and they still are very active in the community.

Rep. John Schneck- VLA committee and Bangor resident. Can answer any question that the board may have since he is a standing member of this committee. There were no questions for Rep. John Schneck.

Some members of the Board will tour Hollywood Casino following the meeting.

**Meeting Adjourned: 10:27**

**Motion: to adjourn Matt Dyer**

**Second: Joe Laliberte**

**Vote: Unanimous**

Next meeting is June 17, 2014

Respectfully submitted, Janine Collins, Office Specialist I